Ninety-Ninth Legislature - First Session - 2005
Committee Statement
LB 646

Hearing Date: February 9, 2005
Committee On: Revenue

Introducer(s): (Brashear)
Title: Adopt the Advantage Nebraska Act

Roll Call Vote – Final Committee Action:

	Advanced to General File
	Advanced to General File with Amendments
X	Indefinitely Postponed

Vote Results:

6	Yes	Senators Cornett, Janssen, Landis, Preister, Raikes and Redfield
0	No	
2	Present, not voting	Senators Baker and Connealy
0	Absent	

Proponents:	**Representing:**
Senator Kermit Brashear	Introducer
David Brown	Greater Omaha Chamber of Commerce, NE State Chamber of Commerce, Nebraska Bankers Assn.
Dr. Ronald R. Pollina	Greater Omaha Chamber of Commerce
Jim Fram	Lincoln Chamber of Commerce, Lincoln Partnership for Economic Development
Bradley Maul	Nebraska Economic Developers Association, Development Corporation of North Platte
Duane Russell	American Meter Company
Chad Denton	Himself
Loran Schmit	Ethanol Producers
Walt Broer	Associated General Contractors, NE Bldg. Chap.

Opponents:	**Representing:**
Mark Vasina	Nebraskans for Peace
D'Anne Welch	Herself
Rev. Jay Schmidt	Nebraskans for Peace
Craig Groat	Himself

Neutral:	**Representing:**
Jim Griess	Nebraska State Education Association
Richard Baier	Department of Economic Development

Summary of purpose and/or changes:

LB 646 would have halted applications for benefits under the Employment and Investment Growth Act on October 1, 2005 and replaced it with a new tax incentive program called the Advantage Nebraska Act. There were many similarities between the new act and LB 775, but the Advantage Nebraska Act would be much more generous in most, but not all, respects. Differences between the Advantage Nebraska Act and LB 775 (1987) included:

1. Qualified businesses would have included operating a tourism attraction, and the sales of services or computer programming when more than half of the sales are to out-of-state customers.

2. Coalitions of more than one business could have jointly applied for benefits as a single project. The definition of taxpayer was also expanded.

3. The performance period would have been lengthened from seven years to twelve years.

4. Interdependence would have been defined very broadly so as to greatly expand the notion of "project" to include statewide activity of all kinds.

5. Investment would have included research and development expenses.

6. A schedule of fees would have required larger fees for larger projects.

7. There would have been a new, lower tier for projects calling for ten new jobs and $1 million in new investment.

8. There would have been new jobs-only qualifiers.

9. The personal property tax exemption would have been greatly expanded both by including all aircraft, all manufacturing machinery, and computer servers and peripherals, but also by making it available for more qualifiers, meaning Tier 2 qualifiers that cannot receive it currently.

10. The personal property tax exemption could have been taken upon application. Currently companies must meet the thresholds before receiving the exemptions.

11. The sales tax refund benefit would have been expanded to include purchases of investment-type property made any time during the performance period.

12. The jobs credit would have been subject to a wage requirement of $17,000. The amount of the credit increased as the wages paid at the project increased to a maximum of 10 percent versus 5 percent under LB 775.

13. The investment tax credit would have also been placed on a sliding scale, with Tier 1 projects receiving 3 percent and Tier 4 projects 15 percent versus 10 percent for all qualifiers under LB 775.

14. There would have been a new benefit available, tax increment financing for any project if agreed to by a city.

15. Taxpayers could have counted jobs and investment in other states within ten miles of Nebraska if the out-of-state aspect was less than half. The Director of the Department of Economic Development would have had sole discretion in granting the qualification using out-of-state employment or investment. The out-of-state employment and investment could not have generated credits.

16. Taxpayers could have received both benefits under the Advantage Nebraska Act and under LB 608 (2003) unlike LB 775.

17. All credits could have been taken against withholding.

18. Taxpayers could have assigned the right to receive credits to a third party for up-front financing.

Explanation of amendments, if any:

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Senator David Landis, Chairperson